

DEPARTMENTAL POLICY

POLICY # 408	SUBJECT: Payment Processing
EFFECTIVE DATE: November 1, 1993	PAGE 1 of 4
REVISION DATE: May 12, 2008	
AUTHORIZED SIGNATURE:	

PAYMENT PROCESSING

I. PURPOSE

The purpose of this policy is to establish consistent and clearly defined directions regulating payment processing throughout the Department of Services for Children, Youth and Their Families (DSCYF). This policy:

- A. Establishes Department-wide standards, procedures and activities relating to payment processing, in accordance with State and Federal laws and regulations and sound accounting practices;
- B. Establishes staff responsibilities regarding payment processing;
- C. Establishes Department-wide coordination and management of all aspects of payment processing; and
- D. Insures that these standards, procedures and activities support the Department's efforts to meet its obligations in reference to State accounting procedures.

II. POLICY

Title 29 of the DELAWARE CODE, Chapter 27, Section 2707 addresses the payment of vouchers by the State Treasurer. In addition, Section 7 of the State of Delaware's "Budget and Accounting Manual" is devoted to the processing of disbursements (i.e. payments) and carries the force of law. It is DSCYF policy that all staff shall abide by all laws, regulations, procedures, policies and deadlines pertaining to payment processing of funds, regardless of the source of funding. It is also DSCYF policy that all vendor payment checks over \$25.00 shall be processed by the Treasurer's Office and mailed out from Dover. Petty cash checks for over \$25.00 can be issued by the Department to meet an operational or an emergency need. Petty cash checks of payments that are less than \$25.00 can be issued by the Department as a normal course of business. It is not the intention of the Department that

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petty cash accounts will be used to regularly circumvent the established State disbursement system of the Treasurer's Office.

III. PROCEDURES

A. Management and Coordination

1. The Department Controller shall receive, review and distribute and/or submit information and reports related to payment processing.
2. The Department Controller, with the approval of the Director of the Division of Management Support Services and appropriate input from other division directors or their designees, shall be responsible for amending this policy and payment processing procedures and activities as required.
3. Division directors, program unit managers and facility heads shall insure that staff throughout their divisions, programs and facilities adhere to this policy.
4. Only authorized individuals, via signing the required signature registration documents, shall sign Delaware Financial Management System (DFMS) financial documents and/or Departmental bank account checks. The signatures will be registered with the Division of Accounting and/or banking institutions. Staff members authorized to sign DFMS/OMS documents and checks shall be limited to those individuals approved by the Cabinet Secretary, the director and/or designees of the division expending the funds, the DSCYF Director of Management Support Services, the Deputy Director and the Controller and designees.

The Cabinet Secretary's signature via facsimile stamp can be affixed to payment vouchers and IV's in the event that insufficient live signatures are available. Permission to use the facsimile stamp must be secured through either the Department Controller, Director or Deputy Director of the Division of Management Support Services. The facsimile stamp will be locked in the Fiscal Services safe when not in use and returned after its use.

5. Fiscal staff who prepare a payment for processing must not also approve the document (electronically or by signature). DFMS/OMS user logon ID's and passwords are not to be shared.
6. As a standard practice, fiscal staff employees are to have vendor checks mailed directly to vendors by the State Treasurer's office. In those exceptions where checks resulting from approved payments must be returned to Fiscal Services, checks must first be logged in (i.e. recorded) by an

individual who did not initiate or authorize the payment prior to handing it to the individual who will be mailing it out with a registration form, arranging for a direct service worker to pick up, etc.

B. Implementation

1. All staff members responsible for processing payments shall be completely familiar with and utilize payment processing procedures outlined in the State's Budget and Accounting Manual, Chapter VI, Disbursements.
2. To begin the payment process, the responsible staff member shall:
 - a. Receive a vendor invoice for goods/services received. Payments will be based upon individual vendor invoices as opposed to monthly statement balances.
 - b. It is the responsibility of the person/unit that received the good/service, manages the contract, etc. to authorize payment via signed packing slips, vendor invoices, FACTS authorizations, e-mail approvals. The Fiscal Services staff person then reviews back up documentation (e.g.-requisition forms and/or POs, packing slips, bills, e-mails) to verify that services and/or items billed for were actually received and properly authorized prior to payment.
 - c. The Fiscal Services staff person is then to process the payment as outlined below:
 - (1) The employee responsible for processing the payment shall complete the proper form (Payment Voucher or Intergovernmental Voucher) or petty cash check and forward it for signatures by the close of the business day. Individuals cannot sign a document they prepare.
 - (2) After signature, the signed documents are returned to a supervisor for approvals in OMS/DFMS (for both M-batch and non-M-batches) before going back to the initiator of the payment.
 - (3) After receiving the signed and electronically approved document, the payment initiator shall immediately:
 - (a) Review for proper number of authorized signatures.

- (b) Send PVs and IVs through the proper channels for final approval:
 - i) PVs over \$2,500 - send to the Division of Accounting.
 - ii) PVs \$2,500 or under, (i.e. M-Batches) will process through the system.
 - iii) IVs - send to the State agency that is processing the IV for their approval and final processing.